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NOMINATION OF EINAR DYHRKOPP

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Nomination of Einar Dyhrkopp, S. Hrg...

ARING

BEFORE THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

NOMINATION OF EINAR DYHRKOPP TO BE A GOVERNOR OF THE U.S.
POSTAL SERVICE

NOVEMBER 19, 1993

Printed for the use of the Committee on Governmental Affairs



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NOMINATION OF EINAR DYHRKOPP TO BE A GOVERNOR OF THE U.S. POSTAL SERVICE

FRIDAY, NOVEMBER 19, 1993

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 11:14 a.m., in room SD-342, Dirksen Senate Office Building, Senator David Pryor presiding.

Present: Senator Pryor.

Staff Present: Doris Clanton, Jane McFarland, Deborah Cohen (Senator Glenn); Susanne Marshall (Senator Roth); Edward Gleiman (Senator Pryor); and Pat Raymond (Senator Stevens).

OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. The Committee will come to order.

This is the meeting of the Committee on Governmental Affairs, and I have been asked this morning by our Chairman, Senator John Glenn of Ohio, to convene and chair this meeting to consider the nomination of Einar Dyhrkopp to be a Governor of the United States Postal Service.

Senator PRYOR. At this point, we would like to introduce Senator Paul Simon, who is the senior Member of the U.S. Senate from the State of Illinois, and Senator Carol Moseley-Braun, who is one of our newer Members of the Senate. Both have come to this meeting today to express their support of the nominee, and at this time, we will yield to Senator Paul Simon.

Senator Simon.

TESTIMONY OF HON. PAUL SIMON, U.S. SENATOR FROM THE STATE OF ILLINOIS

Senator SIMON. I thank you, Mr. Chairman. And let me thank you also, as well as Senator Glenn, for accommodating this so that we can get this nomination approved, I hope, before we get out of here.

You have been through this many times, Mr. Chairman. Once in a while, someone comes to you and hands you a name, and they say so-and-so from Illinois is a nominee and is going to be before some committee, and you have to find out the background, and then you go through the routine.

Then, once in a while, it is somebody you know, but whom you are not wildly enthusiastic about, but you think they would make a good public servant.

And then, once in a great while, you have someone you have known a long time, for whom you have great respect, and who you know is going to just really do a genuinely fine job. And that is the case here.

I have known Einar Dyhrkopp at least 30 years, maybe longer than that. He is a successful businessman. He has been active in political and civic life. He is the kind of person you would want to be on the Postal Board of Governors or any other responsible position. He is the kind of person, Mr. Chairman—he has been very helpful to me in my political career—but in spite of all the help that he has given me, if he were to call and say, Paul, I think such-and-such is a bad bill or a good bill, I could say, “Einar, I disagree with you, and I will tell you why.” And Einar Dyhrkopp would say, “You do what you think is in the National interest.”

I am just very pleased to be here with my colleague Senator Carol Moseley-Braun in behalf of Einar Dyhrkopp.

Thank you, Mr. Chairman.

Senator PRYOR. Thank you, Senator Simon.

Mr. Dyhrkopp, you have two wonderful friends in Senator Simon and Senator Moseley-Braun.

Mr. DYHRKOPP. I really value their friendship.

Senator PRYOR. And now we will hear from our junior Senator from the State of Illinois, Senator Carol Moseley-Braun.

TESTIMONY OF HON. CAROL MOSELEY-BRAUN, U.S. SENATOR FROM THE STATE OF ILLINOIS

Senator MOSELEY-BRAUN. Thank you very much, Mr. Chairman.

I am pleased to be here this morning with Senator Simon to introduce our good friend and distinguished Illinoisan to the Committee, Mr. Einar Dyhrkopp.

Einar has played an active leadership role in the political and business communities of our State for decades. Because he is so respected and held in such high regard by the people of the State, he is called “Mr. Southern Illinois.”

There is no question that he is involved in a wide range of activities in southern Illinois. He is a farmer, running a 1,200-acre grain and livestock operation. He is a banker, having been on the board of the First National Bank of Shawneetown since 1974. He runs Tecumseh International, a coal marketing firm. And he is the owner and president of EVD Corporation, an advisory service for corporate management.

He has served on a variety of commissions and other advisory boards in my State as part of his wide range of pro bono activities for the community. He is currently serving on the Illinois Commission on the Future of African American Males. He is a former mayor of his home town, Shawneetown, Illinois.

It is this wide-ranging business and civic experience that Einar Dyhrkopp brings to the Board of Governors of the United States Postal Service. It is a solid record of business success. It is a record of knowing the needs of the people and businesses that need prompt, reliable, cost-efficient postal service.

And he brings much more than that to the U.S. Postal Service. Einar Dyhrkopp has the kind of good judgment, the intelligence and the common sense that will make him a real asset to the

Board of Governors of the Postal Service. And perhaps as importantly, considering the size of the Postal Service's work force and the fact that the Postal Service touches almost every American, Einar has a real feel for people.

In my view, if the Postal Service is going to be the kind of customer-oriented institution that it must be, and if it is to successfully manage its huge, far-flung, diverse work force, it needs the kind of strong, thoughtful and perceptive leadership that Einar Dyhrkopp will provide.

I recommend him with the same wild enthusiasm that my senior Senator did to the Committee and to the full Senate, without any hesitation at all. I know he will make a great member of the Board of Governors of the U.S. Postal Service.

Senator PRYOR. An eloquent statement of support for the nominee.

We know that, especially as our session draws to a conclusion, there are many activities and many committee meetings going at this moment. I have just left the Finance Committee and will probably go to the Agriculture Committee or somewhere else in a few moments. So if you do need to leave during the questions, feel free to do so.

Senator SIMON. I regret I am going to have to leave, but I am leaving Einar Dyhrkopp in good hands, Mr. Chairman.

Senator PRYOR. Thank you, Senator.

Senator MOSELEY-BRAUN. Thank you, Mr. Chairman.

Senator PRYOR. Thank you very much.

Mr. Dyhrkopp, are there any family members that you might have today in the hearing that you care to recognize today who are sharing this occasion with you?

Mr. DYHRKOPP. No, Senator. My wife and my son were unable to make the trip.

Senator PRYOR. Thank you, sir.

The Committee's rules require that an inquiry be conducted into each nominee's experience, qualifications and suitability to serve in the position for which the President has nominated the individual. In this regard, our Committee has received from the nominee a financial statement and detailed information on educational, employment, and professional accomplishments.

I would like to state that the nominee has also responded in writing to a number of prehearing questions. Copies of this biographical information and prehearing question responses will be placed in the record as a part of this hearing.

The financial statement will be available for public inspection in the Committee office.

Committee staff has interviewed the nominee prior to today's hearing. In addition, Committee staff has reviewed opinion letters regarding this nominee from both the Office on Government Ethics and the designated agency ethics officers.

Finally, both Senator Glenn and Senator Roth—Senator Roth, by the way, is the Committee ranking member, and Senator Glenn, once again, is our Chairman—have each reviewed the FBI background investigation report on this nominee.

Committee rules require that nominees be under oath while testifying on all matters relating to their suitability for office, includ-

ing policies and programs which they will pursue while in their positions. Therefore, I would like to ask you, Mr. Dyhrkopp, if you would please stand and raise your right hand.

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. DYHRKOPP. I do.

Senator PRYOR. You may be seated, and thank you.

Do you have any statement that you would like to make for the record? If you have a prepared statement, we will take that and place it in the record, or you may make any statement you so desire at this time.

TESTIMONY OF EINAR V. DYHRKOPP, NOMINATED TO BE A GOVERNOR, UNITED STATES POSTAL SERVICE

Mr. DYHRKOPP. I do not have a prepared statement, Mr. Chairman, but I would like to take this opportunity to thank you and the other members of the Committee on Governmental Affairs for making time to have the hearing today. I know what the schedule is and how much time is allotted for other things that are probably much more important.

I also want to thank Senator Simon and Senator Moseley-Braun for taking their time to come over. I know them both quite well. I would say that Senator Simon and I have been political friends and allies for many, many years, but beyond that, we have been close personal friends. I feel a close bond to Senator Simon.

I would like to thank the Governmental Affairs staff, and Doris Clanton, who helped me through all of this with your Committee and had patience with me.

I also want to thank Senator Simon's staff, who have been very helpful, and a lot of the folks who are here are very good old friends, like Gene Callahan, with major league baseball, Floyd Fithian, and those people. I do not know who is behind me, but I would like to mention them.

Thank you for the opportunity.

Senator PRYOR. Some of those you have mentioned are here in support of you this morning, I might say.

Mr. DYHRKOPP. Thank you very much.

Senator PRYOR. We appreciate your very fine statement. You made reference to the fact that there may be more important things to do than to hold this hearing, but I do not know of anything more important today than to make certain that the U.S. Postal Service operates not only efficiently, but fairly, and performs the function and the mission that was ordained by the Postal Service by the Constitution. To be a member of the Postal Board of Governors is, I think, one of the high honors our country can bestow upon any citizen, and I know that you are going to treat that as a high honor and also as a great challenge, exercising the responsibility that you must have.

Now, I have a series of three questions that are required by each nominee, Mr. Dyhrkopp.

First, is there anything that you are aware of in your background which might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. DYHRKOPP. Nothing.

Senator PRYOR. Do you have any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. DYHRKOPP. Nothing that I know of.

Senator PRYOR. If confirmed, do you agree without reservation to appear and to testify before any duly-constituted committee of the Congress?

Mr. DYHRKOPP. I do, and I think that is very important.

Senator PRYOR. Mr. Dyhrkopp, I am sure that Senator Glenn has every intention of moving expeditiously to see that the Committee and the full Senate complete consideration of this nomination before our session ends in adjournment, which we hope is only a few hours away. So we hope that we can get the opportunity on the Senate floor to get your very distinguished name before the Committee for this very, very important position as a Governor of the U.S. Postal Service.

The hearing record is going to remain open so that members of the Committee may have the opportunity to submit additional written questions, and we urge you, sir, that if those questions do in fact come, we hope that those questions will be responded to as soon as possible.

We want to thank you and wish you the very best. We will do our dead-level best to get this nomination approved before we adjourn.

With that, this hearing is adjourned, unless you have something else to say, sir. You have a cheering section back there.

Mr. DYHRKOPP. Thank you, Mr. Chairman. I want to thank the Committee staff, too, for all the help that they have given me.

Senator PRYOR. Thank you, sir. We welcome you before the Committee.

The hearing is adjourned.

[Whereupon, at 11:27 a.m., the Committee was adjourned.]

APPENDIX

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEE

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names used.)
Einar V. Dyhrkopp.
2. Position to which nominated:
Governor, United States Postal Service.
3. Date of nomination: August 6, 1993.
4. Address: (List current place of residence and office addresses.)
Residence: Rt. 1, Shawneetown, Illinois 62984.
Office: 409 Lincoln Boulevard West, Shawneetown, Illinois 62984.
5. Date and place of birth:
March 16, 1926, Shawneetown, Illinois.
6. Marital status: (Include maiden name of wife or husband's name.)
Married, Frances H. Sanders Dyhrkopp.
7. Names and ages of children:
Anthony W. Dyhrkopp, 46.
8. Education: List secondary and higher education institutions, dates attended, degree received and date degree granted.
Shawneetown High School, 1941-1944.
University of Illinois (no degree), 1946.
9. Employment record: List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.
1955 to present—Owner and operator, 1,200 acre grain and livestock operation.
1964 to present—Director, First National Bank, Shawneetown, Illinois.
Currently serving as director for:
—First National Bank, Elizabethtown, Illinois.
—First National Bank, Golconda, Illinois.
Currently serving as vice president of Illinois One Bancorp, Inc.
1978 to present—EVD Corporation, owner and president, advisory service for corporate management.
1975 to present—Tecumseh International Corporation, owner and operator, coal marketing firm.
1970-1975—Dyhrkopp Development, owner, residential and commercial construction firm.
1952-1974—Shawnee Cabinets, Inc., co-owner and plant superintendent, manufacturer of electronic cabinets and all types of wood furniture.
1947-1952—L. Berman & Co., shipping clerk to plant assistant superintendent.
10. Military Service: List any military service, including dates, rank, and type of discharge.
Drafted and reported for active duty in the U.S. Naval Reserve, as Apprentice Seaman at Chicago, Illinois, June 12, 1944 and transferred to Naval Training Center, Great Lakes, Illinois. Was released from active duty and discharged from the U.S. Naval Reserve June 4, 1946 as a Fireman first class from Naval Personnel Separation Center, St. Louis, Missouri. Honorable discharge.
11. Government experience: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
1992—Appointed Elector to the Electoral College in and for the State of Illinois.

1992-present—Serving on Illinois Commission on the Future of African-American Males.

1989—Served on Illinois Commission on the Future of Public Service.

1965—Illinois Bi-partisan Commission to Redistrict the Illinois House of Representatives.

1961-1964—Gallatin County Civil Defense Director.

12. Previous Appointments: Prior to this appointment, have you ever been nominated for a position requiring confirmation by the Senate? If so, please list each such position, including the date of nomination, Senate confirmation, and Committee hearing, if any.

No.

13. Business relationships: List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

1955 to present—Owner and operator, 1,200 acre grain and livestock operation.

1964 to present—Director, First National Bank, Shawneetown, Illinois.

Currently serving as director for:

—First National Bank, Elizabethtown, Illinois.

—First National Bank, Golconda, Illinois.

Currently serving as vice president of Illinois One Bancorp, Inc.

1978 to present—EVD Corporation, owner and president, advisory service for corporate management.

1975 to present—Tecumseh International Corporation, owner and operator, coal marketing firm.

1970-1975—Dyhrkopp Development, owner, residential and commercial construction firm.

1952-1974—Shawnee Cabinets, Inc., co-owner and plant superintendent, manufacturer of electronic cabinets and all types of wood furniture.

1947-1952—L. Berman & Co., shipping clerk to plant assistant superintendent.

14. Memberships: List all memberships and offices held in professional, business, fraternal, scholarly, civic, public, charitable and other organizations.

Business clubs: Petroleum Club, Evansville, Indiana; St. Louis Coal Club, St. Louis, Missouri; and Union League Club of Chicago, Chicago, Illinois.

Organizations: Masonic Lodge; Scottish Rite Bodies; The Shrine; American Legion; and Veterans of Foreign Wars.

15. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 5 years.

a. 1986—Candidate for United States Senator, Solidarity Party (at the request of Senator Dixon, Senator Stevenson, and Democratic Party).

1968—Delegate from the Illinois 21st Congressional District to the Democratic National Convention.

1959-1961—Mayor, City of Shawneetown, Illinois.

b. Volunteer fund raiser for the Democratic Party and its candidates.

c. Political contributions:

1988

Gallatin County Democratic Party	\$200
Hartigan for Illinois	600
Poshard for Congress	325
Illinois Democratic Party	280
White County Democrat Central Committee	100
Democrat Majority	250
Paul Simon for President	250

1989

Alan J. Dixon for Senate	1,000
Paul Simon for Senate	600

1989—Continued

Illinois Democratic Party	500
Democratic Majority	250
Illinois Democratic County Chairmen's Association	100
Committee to Elect Peg McDonnell Breslin	100
Jim Rea Day	50
People for Phelps (State Representative)	30
Jerry Cosentino for Secretary of State	100
Hartigan for Illinois	1,200
Roland Burris for Attorney General	100

1990

Hartigan for Illinois	4,200
Poshard for Congress Committee	300
Hardin County Democrats	50
Jim Rea Campaign Fund	50
Phelps for Representative	200
Dixon for Senate Committee	500
Democratic Majority	375
Burris for Attorney General	100
Citizens for Cosentino	110
Simon for Senate	50
Democratic Party of Illinois	250
Gallatin County Democratic Committee	250

1991

Friends of Burris	450
Democratic Majority	250
Citizens for Gary J. LaPaille	100
Dixon for Senate	500
Committee to Elect Qualified Judges	100
Democratic Party of Illinois	1,650
Jim Rea Campaign Committee	100

1992

Friends of Burris	700
Braun for U.S. Senate	1,000
Poshard for Congress Committee	1,100
Southern Illinoisans for Hawkins	270
Phelps for Illinois Representative	100
Citizens for Gary J. LaPaille	100
Bill Clinton for President Committee	1,000
Pat Quinn Campaign Fund	70
Friends of Ken Buzbee	100
Union County Democratic Rally	100

1993

Roland Burris for Governor	450
Williams for Treasurer	25
Lower Five Counties Democrat Coalition	50
Democratic Majority	250
Hawkins for State Representative	30
Democratic Party of Illinois	200

16. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

My ship was awarded the Presidential Unit Citation (USS Aaron Ward, DM-34).

Victory Medal.

American Area Asiatic Pacific (1 star).

17. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written. It would be helpful for the Committee to have three copies of each published writing. Please denote any of those for which you are unable to provide copies.

None.

18. Speeches: Provide the Committee with three copies of any formal speeches you have delivered during the last 5 years of which you have copies and are on topics relevant to the position for which you have been nominated.

None.

19. Congressional Testimony: Have you ever testified before a Committee of the Congress? If so, please provide details, including date(s).

Never.

20. Selection:

(a) Do you know why you were chosen for this nomination by the President?

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

a. My Senator, Senator Paul Simon recommended me for this appointment due to his desire to have a small businessman familiar with the problems of agriculture and rural America serving on the Postal Service Board of Governors.

b. Experience in banking, coal marketing, construction, manufacturing, and farming.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

No.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

I plan to continue in my present business positions and outside directorships.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

I plan to continue in my present business positions and outside directorships.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Yes.

C. POTENTIAL, CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

I have a retirement plan with my company, Tecumseh International Corporation. Also, I have a deferred compensation arrangement with First National Bank of Shawneetown relating to director fees.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None.

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

None.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide copies of any trust or other agreements.)

None exist, that I am aware of.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged or held by any Federal, State or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceedings or civil litigation? If so, provide details.

No.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense?

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

E. FINANCIAL DATA

(Retained in Committee Files.)

WRITTEN QUESTIONS FROM CHAIRMAN GLENN TO EINAR V. DYHRKOPP AND THE RESPONSES

NOMINATION PROCESS AND POTENTIAL CONFLICTS

Question 1. Why do you believe the President nominated you to serve as a Governor of the United States Postal Service?

Answer. My Senator, Senator Paul Simon recommended me for this appointment due to his desire to have a small businessman familiar with the problems of agriculture and rural America serving on the Postal Service Board of Governors.

Question 2. What specifically in your background or employment experience affirmatively qualifies you for this appointment, and what contribution do you feel you can make to the Postal Service as a Member of its Board of Governors?

Answer. Experience in banking, coal marketing, construction, manufacturing, and farming.

Question 3. Were any conditions, expressed or implied, attached to your nomination to be a Governor of the United States Postal Service?

Answer. No.

Question 4. Please specify any commitments you have made with respect to the policies and programs you will attempt to implement as a Member of the Board of Governors?

Answer. None.

Question 5. Are there any issues involving the Postal Service from which you may have to disqualify yourself? If so, please explain.

Answer. No.

II. ROLE AND RESPONSIBILITIES OF THE BOARD OF GOVERNORS

Question 1. What do you consider to be the role of the Board of Governors of the Postal Service? What do you believe are its most important functions and responsibilities?

Answer. The role of the Board of Governors is to establish clear and concise policy for the operation of the Postal Service and for reviewing and approving managerial goals and objectives. It is charged with the responsibility of overseeing and evaluating the results of operations, to make judgments pertaining to whether approved goals and objectives are being met and whether the goals and objectives are responsive to current public needs.

The Board's primary objective is to determine that the Postal Service is providing the most efficient and cost effective service that it can provide.

Question 2. What do you believe are the major challenges confronting the Postal Service, and how do you propose to address them?

Answer. The major hurdle now facing the Board is that of making the Postal Service cost efficient in providing service in order to limit the need for unfavorable price increases.

In order to achieve this goal, the Board must continue to assess the public's need for services and to provide those services for which a need exists. The Board must periodically review the menu of services provided by the Postal Service and eliminate those that are not needed or cannot be provided in an efficient and economical manner. In addition, the Board must always be aware of operational areas in which mechanization can be used to reduce operation costs.

Question 3. What objectives would you like to achieve in your tenure as a Member of the USPS Board of Governors, and why?

Answer. My objective would be to see that during my tenure, that the Board had done the best job possible in dealing with the current economic condition of the Postal Service. That during that time, the Board had established reasonable goals of making the Postal Service cost efficient in serving the American public in its need for postal service.

The Board must target improving customer relations, and at same time, improving employee morale. This can hopefully be accomplished through educational, training and evaluation of compensation methods.

Question 4. What is your view of the relationship between the Board of Governors and the Postmaster General?

Answer. Since I have not previously served on the Board of Governors, I have no working knowledge of what the relationship is. However, I view the Board as a policy-making body with oversight responsibility.

Question 5. How do you envision the relationship and the nature of your duties as they relate to:

- (a) the Congress;
- (b) the President; and
- (c) the public?

Answer. The Board should be accountable to the Congress and the President and to the public for providing the most efficient and economical mail service possible.

Question 6. During recent months there has been some strain between the Postal Service and the Postal Rate Commission. How do you view the respective roles and the relationship between the Board of Governors and the Postal Rate Commission?

Answer. Since I have not been fully apprised of the situation, I am unable to respond to the question at present. My present knowledge is limited to that reported in the newspapers.

III. USPS MANAGEMENT AND POLICY

COMPETITION

In March 1992, GAO issued a report to Congress on how the ratemaking process has adversely affected the Postal Service's ability to compete in the changing competitive environment. The report provided an in-depth discussion on the ratemaking controversies that exist between the Board of Governors and the Postal Rate Commission (PRC), which centers on the interpretation of the rate criteria set forth in the law and the use of demand factors in pricing postal services.

These controversies were manifested recently when the PRC significantly changed the classification and rates that the Board has proposed for Bulk Small Parcel Service (BSPS), an area in which the Postal Service faces stiff competition. The PRC recommended a BSPS rate that is 7 percent below the otherwise applicable parcel post rate. The Board had proposed an overall BSPS discount of 26 percent. The PRC's recommended rate was criticized by some large mailers, including the Advertising Mail Marketing Association which called the PRC's recommendation "virtually worthless." As indicated in the above-mentioned GAO report, relations have been adversarial historically and the ratemaking process is generally regarded as overly rigid and protracted.

Question 1. Although the postal ratemaking process is obviously complicated and must encompass a broad range of factors and special interests, what is your predisposition toward working with the PRC to (1) reform the ratemaking process, and (2) establish rates that strike an appropriate balance between responding to the highly competitive communications market in which the Postal Service must operate while also maintaining efficient, universal mail service for all communities? Specifically, what are your views on the procedural elements of the postal ratemaking process and on the principles that should be used in setting postal rates?

Answer. I have not been provided a copy of the March, 1992 GAO report to Congress. Therefore, it would be difficult for me to make comment at this time. I am in favor of pursuing a way for the two agencies to have a better working relationship for the benefit of the Country.

Question 2. Given that the Postal Service is embarking on a renewed quest for new revenues by competing directly with the private sector in areas such as expedited delivery, communications, and retail outlets, what are your views regarding the Postal Service's policy and strategy of aggressively competing against private sector companies that are providing, or can provide, the same or better service as efficiently or more so than the Postal Service?

Answer. If the Postal Service is to operate without subsidies, then they have no alternative but to become as efficient and competitive as possible. It is understood that the Postal Service is to provide needed services irrespective of profit. Yet, they must still be accountable for providing the services in a cost effective manner.

AUTOMATION

Since 1992, the Postal Service has pursued a program of automating mail processes that eventually is to cost more than \$5 billion and reportedly eliminate the need for about 100,000 employees. Intuitively, automation has the potential of producing huge savings. However, postal costs and losses keep climbing, and managers can't identify savings from the automation program with certainty. The Board of Governors has been similarly frustrated in determining how well automation is doing. Recently, evidence has surfaced to indicate that the program has been deemphasized and is not receiving the management attention it received earlier. Further, the Postal Service's efforts to obtain certain bar coding services have been stymied as a result of difficulties in contracting out for the services without violating labor contract requirements.

Question 1. On the basis of your experience, what do you see as a role and potential contribution of automation in the Postal Service, and what priority should the Postal Service assign to automating its labor-intensive processes?

Answer. If automation is proven to be cost effective, then it should be pursued.

Question 2. What are your views regarding the use of contract versus postal employees to provide mail processing services in an automated environment?

Answer. Since I am unfamiliar with the provisions of the current union contract, I am unable to know the impact that such arrangements might have on union relationships. I am in favor of considering use of contract arrangements where permissible under the union contract and where such arrangements clearly result in reduction of operating costs.

RESTRUCTURING

Last year, facing growing competition, frustrated customers, and rising costs, the Postmaster General downsized and restructured the Postal Service. In that effort, about 30,000 overhead positions were eliminated and over 47,000 employees in many different occupations, including carriers and postmasters, retired. While many of these vacancies were filled by employees whose jobs were abolished, the shortage of employees was made up by the increased use of overtime and by the hiring of transitional and other non-career employees. As a result, expected significant savings have not materialized. Although some cost savings have enabled the Postal Service to extend the rate cycle from 2 to 4 years, there are reports that a large postage rate increase, including 35 percent First-Class stamps, will occur in early 1995. Higher rates may result in reduced mail volume and revenues, forcing rates to even higher levels.

Question 1. Considering that (1) increasing rates and/or decreasing service obviously hurt the Postal Service's customers and its revenues and (2) historically, significant cost savings have been difficult to achieve without harming service, what are your thoughts on finding the key to stabilizing postage rates while also improving service?

Answer. It is difficult to make such statements without having had prior experience with the Postal Service. However, if I am confirmed and if given the opportunity to gain experience, I will not hesitate to advise you of my thoughts of what should be done. Based upon my prior business experience, I do not agree that reducing staff or implementing cost reductions automatically results in reduced service.

Question 2. Since downsizing has not been effective in controlling cost growth, what approach should the Postal Service take to maintain its viability and competitiveness?

Answer. Same as above.

Question 3. In recent years, the Postal Service has experienced an inverse relationship between budgetary restraint and good delivery service, i.e. when the Postal Service focused on reducing operating costs, delivery service suffered and when it improved delivery service, operating costs increased. In light of these seemingly self-defeating efforts, how would you make the trade-offs between requesting increases in postage rates and, alternatively, pursuing productivity improvements, cost reductions, or other means of increasing revenue?

Answer. These are complicated issues deserving considerable study before making a definite statement. Many things that add to the service do not necessarily result in additional cost, such as a friendly approach to the customer.

CUSTOMER SERVICE

The Postal Service has recently touted figures indicating that approximately 89 percent of households think the overall performance of the Postal Service is "good," "very good," or "excellent." Some critics think that this characterization exaggerates the level of satisfaction of Postal Service customers, particularly since a "good" response is a mid-point response between "poor" and "excellent" and might indicate a neutral perception—neither good nor bad.

In addition to customer perceptions of service quality, recent GAO studies have indicated that the Postal Service is not meeting its publicized goal of delivering 95 percent of the mail on-time. In fact, according to the Postal Service's latest External First-Class Measurement System data, only about 84 percent of First-Class Mail arrives on schedule. GAO has noted delivery problems in other areas as well. For example, Priority Mail is advertised as a 2-day service but, in recent Postal quarters, has only met the delivery standard from about 77 percent to 85 percent of the time.

Question 1. Does the Postal Service's assessment of high customer satisfaction fit with your own perception of the Postal Service's performance? What areas of service do you believe the Postal Service needs to focus on?

Answer. No. Those employees who deal with the public must treat the public as customers, with a friendly and courteous attitude. As well, I have concerns about the delivery of services from Postal Service employees.

Question 2. In light of the fact that some private sector delivery services have a good reputation for "on-time" delivery, and because there are more and more alternative delivery methods being developed by an innovative private sector, to what extent do you see the Postal Service losing market share to the private sector? How might the Postal Service improve its on-time delivery service in order to remain competitive for the long-run?

Answer. Due to a lack of information, I am unable to respond appropriately to this question. Should I be confirmed, I would review available information in order to prepare myself for dealing with this question. On-time deliveries must be emphasized.

LABOR-MANAGEMENT RELATIONS

Over the years, the Postal Service has had a reputation for using a paramilitary style of management, which has caused or contributed to labor relations problems at many facilities—even prompting violence in some cases.

Question 1. What are your views on how the Postal Service should address employee-management problems.

Answer. From the Board, to the Postmaster General, to all levels of management a determined effort should be made to improve employee-management relationships.

Question 2. What role do you see the unions playing in revitalizing the postal work force?

Answer. Management must attempt to eliminate its adversarial stance and approach the union to request support in improving upon mutual problems in working relationships.

POSTAL INSPECTION SERVICE

Of the about approximately 4,000 staff in the Postal Inspection Service, roughly 400 are auditors responsible for reviewing the programs, operations, and management controls of the Postal Service. The balance of employees are investigators (1,600) and postal police (2,000). Recently, questions have been raised about the Postal Inspection Services' mission and staffing as well as its role in conducting sting operations to deal with suspected drug problems of postal employees, monitoring postal workers from cat walks in processing plants, and responding to threats, and actual incidents of violence in the postal work force. Underlying these concerns is an issue of whether the Inspection Service's historical role, staffing, and operation is consistent with the Postal Services' current goal of instilling a new sense of com-

mitment to and respect for its employees, enhancing service to customers, and generating more revenue. In addition, the Inspection Service's role might require some adjustment in light of the *Report of the National Performance Review* calling for a reorientation of the Inspectors General by broadening their focus from strict compliance auditing to evaluating management control systems.

Question 1. What do you see as the appropriate role of an internal review/investigative unit, such as the Postal Inspection Service, particularly in terms of achieving a balance between assessing management controls and investigating possible wrongdoing?

Answer. Since I am not familiar with the workings of the Postal Inspection Service and have not been provided a copy of the *Report of the National Performance Review*, I hesitate in trying to answer this question at this time.

Question 2. In your view, how could the Inspection Service best serve the Board of Governors in carrying out its policymaking and oversight responsibilities?

Answer. By reporting to the Board the areas in which it sees the greatest potential of wrongdoing or misuse.

PROCUREMENT PRACTICES

Under the Postal Reorganization Act of 1970, the Postal Service is exempt from most federal procurement laws and regulations that apply to other federal entities. This exemption has been viewed as both a blessing and a curse. On the one hand, the exemption grants the Postal Service far greater discretion in formulating policies and procedures that it considers to be appropriate for its competitive operating environment. At the same time, the exemption is viewed by some as allowing the Postal Service to escape from the level of scrutiny and accountability that is needed in light of its quasi-public role and its virtual monopolistic role in marketing most of the products and services that it offers.

Question 1. What role do you see the Board of Governors playing in overseeing the procurement activities of the Postal Service to promote public confidence in the integrity of those activities and ensure that the Postal Service appropriately uses its discretionary authority?

Answer. The Board must set precise procurement guidelines and insist upon strict compliance with those guidelines.

IV. RELATIONS WITH CONGRESS

Question 1. Do you agree without reservation to respond to any reasonable request or summons to appear and testify before any duly constituted committee of the Congress, if confirmed?

Answer. Yes.

Question 2. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress, if confirmed?

Answer. Yes.



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